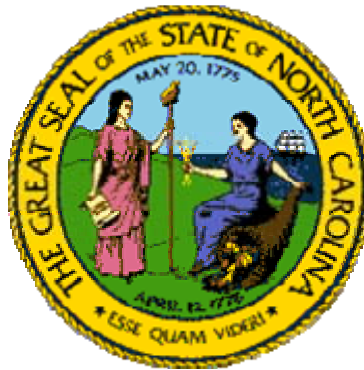


**Office of the State Controller
Agency IT Plan
2009 – 2011 Biennium**



October 1, 2008

Office of the State Controller IT Plan 2009-2011 Biennium

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I. Executive Summary

The Office of the State Controller (OSC) is responsible for ensuring proper financial reporting and accounting by all state agencies and institutions. The OSC provides leadership, guidance and consultation in all accounting matters, including prescribing policies and procedures which are at the forefront of proven financial management practices.

In the last biennium, 2007-2009, OSC completed the following IT projects:

- BEACON HR and Payroll System
 - Human resource and payroll functions for over 90,000 state employees
- BEACON Data Integration
 - Development of a statewide data integration strategic plan
- Cash Management Control System Enhancement Project
 - Improved operational efficiency, enhanced documentation for agency and OSC personnel, and reduced risk of system unavailability
- NCAS DSS Enhancements Project
 - Migrated the NCAS DSS to a web based platform to improve accessibility and ease of use
- Enhancing Accountability in Government through Leadership and Education (EAGLE)
 - Implemented collaboration tools and techniques to support the business goals of the EAGLE Program
- Website Redesign Project
 - Implemented the BEACON web site including delivery of online BEACON training
 - Updated the OSC website to improve accessibility of information
- Projects for Enhanced Business Processes
 - Developed OSC's project management methodology
 - Implemented a wireless local area network environment for OSC, including Network Access Control security policies
 - Improved telephone communications capabilities using VOIP phones

The OSC currently supports the following eleven applications:

- BEACON HR and Payroll System
- Cash Management Control System
- Common Payment Services
- Enhancing Accountability in Government through Leadership and Education
- Laser Check Payments
- NCAS Decision Support System (DSS) Data Warehouse
- North Carolina Accounting System (NCAS)
- Personnel Management Information Systems (PMIS)

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- Public Web Presence
- State Payroll
- Statewide Foreign Nationals Compliance Program

Current projects underway include the following:

- BEACON HR/Payroll
- BEACON Budgeting and Financials Procurement Project
- BEACON Learning Solution and e-Recruitment
- BEACON Data Integration
- NCAS DSS Enhancements Project

Future initiatives include the following:

- Electronic Commerce Initiative - Payroll Debit Cards
- NCAS Enhancements - Vendor Payments
- Business Processes Improvement Initiatives

The OSC embraces “good government” by setting standards, policies, procedures and best business practices for use by state agencies and universities. OSC applications, projects and initiatives fulfill the business requirements of enterprise financial management mandated by legislation and expected by OSC customers. The OSC will continue to improve its applications and programs to fulfill its goal of providing the State with the best services in financial management and providing proper guidance to state agencies in all aspects of the State’s financial and business operations.

II. Major Factors Influencing the Plan

The Office of the State Controller (OSC) was created in 1986 by the General Assembly of North Carolina and is responsible for ensuring proper financial reporting and accounting by all state agencies and institutions. The OSC provides leadership, guidance and consultation in all accounting matters, including prescribing policies and procedures which are at the forefront of proven financial management practices.

It is the mission of the Office of the State Controller to:

- Ensure proper financial reporting and accounting for all state agencies and institutions by providing leadership, guidance, and consulting in all accounting matters.
- Maximize the cash availability and ensure compliance with all applicable state and federal requirements by providing an effective statewide cash management system.
- Ensure that all state employees are accurately paid on a timely basis by providing an effective central payroll system and leadership, guidance and support to all payroll functions in state government.
- Encourage an enterprise approach to the business systems of state government, including the use of electronic commerce, where practical.
- Promote best business practices in the management of state resources.

OSC's strategic programs are in place to fulfill legislative mandates, ensure sound financial management that conforms to financial mandates and best practices, seek opportunities to expand E-Commerce, and continuously improve business processes by streamlining and standardizing key business processes. These programs are listed below. Additional information is provided for new and recently expanded programs.

- BEACON
- BEST
- State Payroll
- EAGLE
- Electronic Commerce
- Financial Reporting
- Foreign Nationals
- North Carolina Accounting System
- PCI Data Security
- State Cash Management Plan
- State Disbursing
- Statewide Accounts Receivable
- Statewide Central Service Cost Allocation
- Training

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BEACON (Building Enterprise Access for NC's Core Operation Needs) is a statewide collaborative effort to transform the way we do business in North Carolina by modernizing and standardizing key business processes in human resources, payroll, budget management, taxation, data storage and accounting. With the implementation of SAP's Enterprise Resource Planning (ERP) software solution, the goal of BEACON is to build a foundation for management flexibility, increased efficiency, and improved access to information, ultimately enhancing the quality of services to North Carolina's citizens.

With the successful implementation of the BEACON HR/Payroll Project in January 2008, the OSC focus is currently on stabilizing the human resources/payroll system. The OSC has also started new initiatives to implement additional ERP components, including the budgeting and financial system, learning solutions, e-recruitment, and data migration as well as provide support for ongoing technical projects and transition support for universities migrating off the state payroll and PMIS applications.

BEST (BEACON Enterprise Support Team) Shared Services is a support organization for employees and agency human resources and payroll personnel. BEST provides the following services:

- Provide human resources, benefits and payroll administration services based on standard processes, policies and systems
- Provide accurate, consistent and timely answers to human resources, benefits and payroll questions
- Provide support for reporting activities
- Provide SAP system maintenance and assistance

The EAGLE (Enhancing Accountability in Government through Leadership and Education) Program resulted from the passage of House Bill 1551 (State Governmental Accountability and Internal Control Act) during the 2007 Session of the General Assembly. The purpose of the EAGLE Program is not only to establish adequate internal control but also to increase fiscal accountability within state government. Under the EAGLE Program, each agency will be required to perform an annual assessment of internal control over financial reporting. Through this assessment, agencies can identify risks and compensating controls that reduce the possibility of material misstatements and misappropriation of assets. The assessment also will indicate opportunities to increase efficiency and control effectiveness in business processes and operations.

It is the goal of the OSC to continue to add and expand programs that ensure the best financial management practices are in place to support agencies. In addition, the OSC desires to increase utilization of information technology to achieve its mission and encourage partnerships with the agencies and institutions it is in place to assist.

III. Current Situation and Desired State

Applications

The OSC currently supports the following eleven applications:

- BEACON HR and Payroll System
- Cash Management Control System
- Common Payment Services
- Enhancing Accountability in Government through Leadership and Education
- Laser Check Payments
- NCAS DSS Data Warehouse
- North Carolina Accounting System (NCAS)
- Personnel Management Information Systems (PMIS)
- Public Web Presence
- State Payroll
- Statewide Foreign Nationals Compliance Program

Some of these applications have been implemented recently, while others are older systems, both in technology and business functionality. Future migration plans for OSC applications include enhancements and remediation for some applications and replacement and retirement for the older applications.

BEACON HR and Payroll System

The BEACON HR and Payroll System provides organizational management, personnel administration, time, benefits and payroll functionality for the State. Its primary business goal is to utilize leading industry practices to provide a foundation for effective human resource management, increased efficiency, and the information needed to formulate required policies and make timely, appropriate decisions.

This application was implemented in 2008, replacing the State Payroll and the PMIS applications in providing core HR and payroll functions for state agencies. Over 100,000 positions and nearly 90,000 employees are paid through this SAP system via two payroll cycles, a monthly and a bi-weekly.

BEACON HR and Payroll enhancements are in progress to provide similar human resources and payroll services to universities. All functions provided by State Payroll and PMIS applications are scheduled to be performed by BEACON HR and Payroll application by December 31, 2010.

Additional enhancements to the BEACON HR and Payroll system are described in the Major Initiatives and Investments Section of this plan.

Cash Management Control System

The Cash Management Control System (CMCS) is an online transaction processing system that records the daily flow of cash among State accounts. The system is utilized to record, track and control deposits, disbursements and allotments of cash to and from State accounts. The objective of CMCS is to help maximize the State's interest-bearing investment of cash and minimize idle and non-productive cash balances. Approximately 1,400 users across the State use CMCS to certify the deposit of funds and to requisition funds to pay for goods and services.

CMCS was developed over twenty years ago. A system assessment effort was conducted recently to help identify technical and operational inefficiencies of CMCS, provide system documentation that will facilitate uniformity of operations, and provide system documentation for future SAP development activities.

The BEACON Budgeting and Financials Project is expected to replace the CMCS application. Due to major shortcomings with the current CMCS, enhancements to the current system may be considered prior to the implementation of the BEACON Budgeting and Financials Project.

Common Payment Services

Common Payment Services (CPS) is a gateway service provided by the OSC through the Office of Information Technology Services (ITS), to support electronic payments by State agencies. The CPS gateway provides transmissions of transactions to either Wachovia (ACH transactions), or to SunTrust Merchant Services (merchant card transactions).

There are two methods ACH transactions can be received by CPS. One is through the CPS Application Program Interface (API) on a "transaction by transaction" basis. The other method is the "batch" method, where the agency creates its own ACH file, using the standard ACH format, and transmits the file to CPS. CPS then builds batches from all transactions submitted (API transactions and agency-batch transactions) and transmits one consolidated file to the bank.

Enhancing Accountability in Government through Leadership and Education (EAGLE)

Session Law 2007-520 enacted House Bill 1551, Chapter 143D "The State Governmental Accountability and Internal Control Act," to establish internal control standards for state government; and to increase fiscal accountability within state government. To accomplish the requirements of §143D-6 standards setting responsibilities, OSC implemented a statewide internal control program, called Enhancing Accountability in Government through Leadership and Education (EAGLE) in April 2008. Pursuant to §143D-6, this program was designed to: (1) establish

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comprehensive standards, policies, and procedures to ensure a strong and effective system of internal control within State government that will be made readily available to all state agencies; and (2) make appropriate education efforts to inform state agencies of these standards, policies, and procedures which shall include training courses, manuals and other information sources to promulgate these items including best practices by state agencies.

Participating state agencies: (1) receive training from the selected vendor, first in COSO internal control and second in internal control assessments, (2) conduct an assessment of internal control over financial reporting, and (3) based on this assessment, file an internal control certification with OSC. During this same period, OSC staff is available to assist agencies and monitor agency progress in meeting established deadlines and level of documentation efforts using available technology tools.

EAGLE is successfully deployed by the OSC using collaboration tools and techniques to accomplish the mission of this program.

Laser Check Payments

This system consists of tools for handling payments generated by the NCAS Accounts Payable Module and State Payroll. Over 1 million paper checks and \$5 billion worth of electronic payments are issued each year from this system.

Originally deployed in 1994, the laser checks are produced by programmable printers on blank check stock, usually created from payment files sent from the source payment system to BottomLine Technologies PayBase System. There are 40 check printers located throughout the state, with 120 people cleared to operate them.

Electronic payment records are sent daily from NCAS to the BottomLine system, including bank account number and stub information. The BottomLine system sends the electronic payments through Wachovia, and at the same time, either e-mails or faxes the stub information to the payee. Stub transmittal is unique to PayBase, and is not available with Common Payment Services.

The source for much of the payment data will change as part of the BEACON Budgeting and Financials project, and therefore these systems will have to undergo revision.

North Carolina Accounting System (NCAS)

The North Carolina Accounting System (NCAS) is a fully integrated, online transaction processing system used by the majority of the agencies to process business transactions, post transactions to the statewide general ledger and provide business and financial reporting for all agencies and at the State level. There are approximately 5,600 users of NCAS. In addition, the agencies and universities that are not NCAS users send summarized general ledger data to NCAS for financial reporting purposes.

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The NCAS system currently provides the following functionality:

- Checks funds availability against the agency's budget and encumbers commitments via purchase orders interfaced from the E-Procurement system.
- Audits vendors' invoices against the corresponding purchase orders and receipts, and makes subsequent payments to vendors, either by check or electronically.
- Maintains inventory balances and values at agency warehouse locations.
- Tracks assets for using agencies, including capitalized assets as well as lower dollar, inventoried assets.
- Reconciles procurement card transactions daily for credit card purchases made by NCAS agencies.
- Tracks agency receivable transactions and balances.
- Maintains detailed general ledger transactions and balances for use in financial reporting.

Replacement of NCAS is planned to occur under the BEACON Program as the BEACON Budgeting and Financials project. Because NCAS is so critical to agencies' financial and business requirements, OSC will perform ongoing maintenance as well as consider enhancing the current system, as necessary, before being replaced by the BEACON Budgeting and Financials project.

NCAS DSS Data Warehouse

The NCAS Decision Support System (DSS) is an information access and reporting tool used by agencies for analyzing financial and budget data and by OSC for preparing the State's Comprehensive Annual Financial Report (CAFR). In addition to the standard general ledger data, DSS also allows program managers to analyze outstanding commitments (encumbrances) to vendors for goods and services. Approximately 1,000 employees utilize DSS.

Enhancements to the DSS system were recently completed including migrating the application to a web based environment. Additional enhancements are planned to expand the data available in the system for reporting and analytics. The NCAS DSS Enhancements Project is described in the Major Initiatives section. Once the new budget/financial system is implemented, the extract process for DSS would have to change. Therefore, the BEACON Budgeting and Financials project will replace DSS with a new system when the new budget/financial system is completed.

Personnel Management Information System (PMIS)

PMIS is a core business Human Resource system that provides for the electronic data collection of all personnel changes to all employees. This system also acts as a hub for passing this same data electronically to the other core business systems.

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Core HR applications have been replaced by BEACON HR and Payroll System in 2008 for the State agencies. However, universities will continue to use PMIS until December 31, 2010. The projected retirement date for PMIS is December 31, 2010.

PMIS is also being used by all State Agencies for referring to historical information prior to 2008. Data migration efforts are underway, and the historical migration is expected to be completed in 2009.

Public Web Presence

OSC currently maintains two web sites: an internal site for OSC employees, and an external site for other government entities and the general public. The internal web site directs OSC employees to system administration documentation, agency policy, agency documentation, etc. The external site is geared toward users of OSC-supported systems, as well as the general public. The external site lays out policies, procedures, systems information, organizational information, etc.

Because so many of the links on both the internal and external sites point to system data for systems that will be replaced as part of the Beacon Program, the web sites also will undergo significant changes over the next several years.

State Payroll

State Payroll is a core business system that provides the ability to manage payroll activities. This application has been replaced by BEACON HR and Payroll System in 2008 for the State agencies. However, universities will continue to use State Payroll until December 31, 2010. The projected retirement date for State Payroll is December 31, 2010.

State Payroll is also being used by all State Agencies for referring to historical information prior to 2008. Data migration efforts are underway, and the historical migration is expected to be completed in 2009.

Statewide Foreign Nationals Compliance Program

Statewide Foreign Nationals Compliance Program is a statewide program implemented to assist State agencies, universities, community colleges and LEA's with the reporting and withholding of taxes associated with payments made to non-U.S. citizens in accordance with the laws and regulations of the U.S. Citizenship and Immigration Services (USCIS) and the Internal Revenue Service (IRS). The program uses COTS software from Windstar Technologies, for which the OSC has an enterprise-wide license. The software helps agencies monitor the residency status of aliens and comply with the complex tax rules that apply to payments made to aliens.

Infrastructure Assets

Information Technology Consolidation

OSC is part of the IT Consolidation effort led by ITS. OSC is one of the agencies selected in Phase II of the IT Consolidation initiative. The primary objective of this initiative is to effectively manage and optimize IT infrastructure technology—to help lower cost, optimize operations and to improve customer and citizen services.

A transition plan has been established with implementation of consolidation efforts beginning on October 1, 2008. Services will be incrementally implemented until the consolidation is complete. Completion is planned for no later than December 31, 2008.

Personnel

Significant staffing changes have occurred at OSC as part of the BEACON HR/Payroll implementation. OSC added several state employee positions as part of implementation of the BEACON HR and Payroll System as well as for ongoing support of the new system including staffing for BEST Shared Services and BEACON University.

OSC will require additional resources for other BEACON Program initiatives including the Learning Solutions, eRecruit, Budgeting and Financials, and Data Integration projects. As such, personnel requirements will be analyzed on an ongoing basis. The use of the vendor community will be leveraged when internal skill sets are not available and it is in the best interest of the state to utilize contractors. OSC will contract with vendors under the ITS Technical Services Contract to perform implementation activities as needed.

Projects

The following current projects underway are described in the Major Initiatives and Investments section of this plan:

- BEACON HR/Payroll
- BEACON Budgeting and Financials Procurement Project
- BEACON Learning Solution and e-Recruitment
- BEACON Data Integration
- North Carolina Accounting System (NCAS) DSS Enhancements

Several new initiatives have been identified to improve OSC programs and operations. The business goals that translate to projects to be accomplished during the next biennium are described below.

Electronic Commerce Initiative - Payroll Debit Cards

In October 2007, employees paid through State Payroll who were not enrolled in direct deposit began receiving their pay via US mail, with the check being mailed to their home address. Since the checks are not mailed until the employee's payday, employees experience a delay in receiving their pay, compared to employees enrolled in direct deposit.

To accommodate employees who are not enrolled in direct deposit, OSC plans to roll out a "Payroll Debit Card" program, as provided for under the master EFT contract the State has with Wachovia Bank.

The majority of the costs of the program will be incurred by the State, with the employee being able to avoid any costs, depending upon how they use the card. The card provides five free withdrawals per month from a Wachovia Bank ATM, and unlimited withdrawals at merchants accepting Point of Sale (POS) transactions.

The State-issued payroll debit card program is deemed to be a better arrangement than debit card programs offered by most payroll card vendors, many only offering two free withdrawals per month. Some unbanked employees currently have their "direct deposit" going to prepaid debit card accounts they have obtained from issuers of Visa-branded debit cards, such as those offered by Wal-Mart Financial Services. Such prepaid debit cards typically cost the individual \$9 for the card, \$5 monthly maintenance, and ATM withdrawal fees.

NCAS Enhancements - Vendor Payments

The various general government agencies having access to the North Carolina Accounting System (NCAS) can utilize the system to pay vendors via electronic funds transfer (EFT), provided the vendor has enrolled in the E-Pay Program. During FY 2006-07, twenty-four percent (224,566) of the 937,000 NCAS vendor payments were made by EFT. The dollar amount represented by these EFT transactions (\$7.3 billion) was thirty-five percent of the \$21.2 billion disbursed to the vendors.

OSC plans to improve the vendor enrollment process in the E-Pay Program to encourage vendors to enroll in the E-Pay Program and to increase NCAS utilization for vendor payments. In addition to improved vendor enrollment process in the E-Pay Program, an extensive E-Pay expansion campaign will be conducted to promote the E-Pay Program and the use of EFT payments to vendors.

Business Processes Initiatives

Electronic Forms

OSC plans to expand the use of electronic forms for financial information from state agencies and universities. Forms that are currently mailed or e-mailed to agencies and

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universities will be placed on the OSC web site for easy retrieval and management. Enhancements to the current implementation of electronic forms will include

- Incremental saving of forms by electronic form filers
- Electronic forms stored in a data base server during form completion
- Data base repository for financial information

Document Management

OSC plans enhancements in document management to improve processes for the preparation of the CAFR and other reports.

Telephone and Web Conferencing

To improve communication and collaboration between OSC and the agencies, the entities and the citizens that it serves, OSC will implement telephone and web conferencing hosting facilities.

Productivity Tools for Meetings and Training Development

OSC plans to provide meeting and training tools to improve productivity of OSC staff involved in meetings, training and/or course development. Examples include use of electronic whiteboards, video recording and webinar tools.

Monitoring and Communications Tools

OSC plans increased utilization of laptop computers with wireless access to network servers on-site or off-site. This will improve productivity of OSC staff regardless of location and enable OSC support staff to respond to support emergencies on a timely manner. The use of portable devices and other means to receive automated alerts and notifications will also be introduced.

OSC will investigate ways to improve network performance and to optimize communications performance. For example, the use of alternative communications and collaboration options, like expansion of eRoom for OSC staff offsite, will be considered.

Expanded use of remote access network communications tools to enable the BEST shared services team and other OSC teams to improve remote support, connecting team representatives with end users and systems through firewalls regardless of physical location will be evaluated.

Electronic Signature

An electronic signature capability will be developed to comply with federal government requirements.

PCI Data Security

OSC will continue to acquire familiarity and understanding of PCI data security concepts and methodologies in order to provide proper guidance to state agencies in complying with PCI Data Security standards.

Standard Component Platforms

OSC will investigate the use of standard platforms that can be utilized for similar or related OSC business processes, e.g., a standard call tracking system, a standard defect tracking/monitoring system.

Management Functions

OSC uses the Project Portfolio Management (PPM) and Application Portfolio Management (APM) tools to insure a comprehensive review process for all projects and applications as they progress through the lifecycle of IT investments. OSC will continue to leverage project management tools and techniques as made available from ITS. OSC will continually improve project management expertise internally by using defined processes, templates and procedures that support SB 991 requirements and by providing internal project management training to OSC employees to improve their project management competency level.

The Information Technology Infrastructure Library (ITIL) framework is a systematic and professional approach to IT service management, defined by a cohesive set of best practices focused on the management of IT service processes utilized by the IT industry in both the public and private sectors worldwide. The State has adopted the ITIL framework to support programs in achieving both quality and cost values. OSC will partner with ITS to leverage ITIL principles and practices as appropriate for OSC. OSC will develop a strategic plan to implement the ITIL framework in OSC. The plan will include the assignment of the ITIL implementation team, a definition of ITIL processes to implement, and the development of the ITIL implementation timeline.

OSC effectively conducts planning, budgeting and operational activities for information technology investments. OSC utilizes ITS for application infrastructure hosting and routinely participates in all ITS sponsored Disaster Recovery exercises. OSC will continue to refine disaster recovery and business continuity plans. OSC has a mature security presence.

With resource constraints in many projects, it is important to leverage technology in improving resource productivity. OSC plans to provide telecommuting options to OSC staff who can work offsite.

OSC also plans to optimize utilization of software licenses in ways that will improve OSC staff productivity. Transition to Microsoft Exchange is scheduled to be completed fall 2008. Use of Exchange will enable use of related modules such as Microsoft Duet which will improve efficiency.

IV. Major Initiatives and Investments

Initiative 1 - BEACON HR and Payroll System

- **Summary description**

BEACON is North Carolina's program to streamline and standardize key business processes in human resources, payroll, data warehousing, budgeting, and financials is significant to the long-term future of electronic government for the State of North Carolina. BEACON is intended to provide the State with a business systems infrastructure for the next generation of State managers.

- **Problem or opportunity to be addressed**

Session Law 2001-491 directed the OSC to determine the feasibility of developing and implementing a new business infrastructure for the State. At the conclusion of the study, the State decided upon a replacement strategy that carefully weighs the risks of potential system failures with the current State budget condition and State funding priorities. The strategy involves an extended ERP implementation approach with the first focus on replacing the Human Resources and Payroll Systems.

- **Major objectives to be achieved and business benefits/value that will accrue to the agency/state**

The goal of the HR/Payroll Project is to develop an enterprise-wide human resources and payroll system utilizing leading industry practices to provide a foundation for effective management, increased efficiency, and the information needed to make timely and appropriate decisions that will:

- Create a more seamless HR/Payroll experience for employees
- Provide an environment for employees to make informed decisions about their careers and employment benefits
- Develop a single repository of HR and payroll data with a common set of data elements, to successfully support the State's reporting and management activities
- Provide a flexible, scalable and easily adaptable system able to respond to changing HR/Payroll needs
- Provide real time access to HR and payroll transaction activity

- **Approach for accomplishing it**

- Implementation is conducted in phases.
- ITS is hosting the hardware.
- The State modified business practices to adopt standard functionality and processes defined and supported in the ERP application across all agencies.
- Stabilization and enhancements via on-going meetings and feedback from agency users as well as further implementation of SAP best practices based on industry accepted protocol for large ERP applications.

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• **Timeframe**

The schedule is as follows:

- Requirements Gathering was 11/15/2004 - 08/31/2005
- Planning and Design Workflow was 09/01/2005 - 02/28/2006
- Execution and Build Workflow was 08/01/2006 - 12/31/2007
- Implementation Workflow is 09/01/2007 - 05/31/2009
- Project Closeout Workflow is 06/01/2009 - 06/01/2009

• **Major risks**

Areas of focus include continued expansion of staff knowledge and expertise to support the system and enhanced training of agency staff.

• **Relationship with other agency IT initiatives/programs/projects**

The BEACON HR/Payroll exchanges time and personnel data with state agencies that utilize the HR/Payroll system.

• **Relationship with statewide initiatives/projects and common shared services**

BEACON HR/Payroll will continue consolidating common shared technical infrastructure and technical services for better operational performance.

• **Order of magnitude of costs**

The cost of this initiative is expected to be in the PPM tool cost category of “greater than \$3 million.”

Initiative 2 - BEACON Budgeting and Financials

• **Summary description**

The first focus of the BEACON Program was to develop and implement a new HR and payroll system for the State. Now that the BEACON HR/Payroll system is up and running, the second focus of the BEACON Program strategy is to replace the budgeting and financial systems. This initiative will utilize the budgeting and financial sub-modules of the MySAP ERP application suite.

• **Problem or opportunity to be addressed**

The State continues to face key business risks and issues with regards to the budgeting and financial applications, including:

- Outdated business practices need to be re-engineered and streamlined to realize efficiencies.
- Lack of agency level cash availability confirmation before writing checks
- No state level grants reporting capabilities
- Lack of integration with other core business systems such as HR/Payroll, Budget, e-Procurement, Core Banking and Interactive Purchasing System.
- No capital budgeting preparation functions (i.e. the systems lack the ability to project and forecast beyond the current budget period)

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- A manual exchange between the legislative budget process and the Budget Preparation System

• **Major objectives to be achieved and business benefits/value that will accrue to the agency/state**

The main project objective is to develop a comprehensive implementation approach for budgeting and financial sub-modules of mySAP ERP edition 2005.

Business goals for a new budgeting and financial system include:

- Supporting cash, modified accrual, and accrual basis accounting
- Providing functionality currently supported by agency-based financial systems for grant accounting, A/R, collection activities, project tracking and other various financial functions
- Enabling multiple budgets types: operational, capital, performance
- Providing integrated fixed asset accounting
- Implementing online and real-time data validation, funds checking, and account posting
- Providing cash forecasting tools and establish spending forecasts
- Establishing seamless integration with the HR/Payroll, budgeting, and procurement solutions with no duplicate data entry or file exchanges

• **Approach for accomplishing it**

The BEACON steering committee will make the final determination of what implementation and deployment approach to take. The most likely scenario is to roll out the BEACON Budgeting and Financials System on a phased basis by function or by agency. Either phased option subdivides the project into more manageable segments for deployment.

• **Timeframe**

The requirements gathering phase of the initiative is scheduled to be completed fall 2009. The procurement and implementation projects will follow, with all work anticipated to being completed over the next six to eight years.

• **Major risks**

- Technology Risk - Two of the modules of the SAP ERP software in scope are relatively new (public sector budgeting, grantor) so even contractor staff will have limited experience in implementation and support.
- Schedule Risk - Implementation of a new system will be a multi-year effort. A number of factors, including loss of stakeholder support, loss of skilled resources can impact the schedule.
- Complexity Risk - The BEACON Budgeting and Financials project is highly complex. Not only will the current NCAS, budget, and cash management system functionality be replaced, but new functionality will be added, involving new system users.

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- Operational Risk - Change management requirements in agency financial, budget, purchasing, grant, capital, and HR staff are extensive.
- Organizational Risk - The BEACON Budgeting and Financials project is an enterprise-wide project, which depends on willing agency participation and full executive support.

• **Relationship with other agency IT initiatives/programs/projects**

The new system will replace the current NCAS system, Cash Management System (CMCS), OSBM budget systems (BPS, BRS, SCS and RBB) and the NCAS decision support system (DSS). This system will also interface with the State Treasurer's Core Banking System.

• **Relationship with statewide initiatives/projects and common shared services**

The BEST Shared Services Center will be expanded to perform call center support and other functionality for the BEACON Budgeting and Financials System. Interface to NCID will also be required.

• **Order of magnitude of costs**

The cost of this initiative is expected to be in the PPM tool cost category of "greater than \$3 million."

Initiative 3 - BEACON Learning Solutions and eRecruitment

• **Summary description**

The BEACON HR/Payroll project includes two additional modules of SAP: Learning Solution Option and e-recruitment.

Learning Solution Option provides a standardized training tool for course development and course participation administration. eRecruitment provides a standardized and consistent tool for recruitment.

• **Problem or opportunity to be addressed**

During the HR/Payroll blueprinting process, it was determined the State could benefit by increasing the modules of SAP to include new learning solutions and e-recruitment functionality.

• **Major objectives to be achieved and business benefits/value that will accrue to the agency/state**

The goal of BEACON Learning Solution and eRecruitment is to further develop the enterprise-wide human resources and payroll system utilizing leading industry practices to provide a foundation for effective management and increased efficiency in course development, course participation administration, and recruitment of state personnel.

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- **Approach for accomplishing it**

- Identify training and recruiting requirements, current business processes and workflows, and future business needs
- Negotiate a contract with an SAP software vendor to install the SAP Learning Solutions and eRecruitment software and develop the associated business processes and reports

- **Timeframe**

Learning Solution is expected to begin in January 2009 and end in June 2009; eRecruitment will begin in February 2009 and end in October 2009

- **Major risks**

Risks of not going forward with this initiative include:

- Lack of strong, comprehensive Learning Management and Training & Events Management system
- Outdated business practices need to be re-engineered and streamlined to realize efficiencies

- **Relationship with other agency IT initiatives/programs/projects**

Implementation of the Learning Solution Option and eRecruitment modules would replace the current manual agency specific process for training, course development, administration and management as well as position recruitment.

- **Relationship with statewide initiatives/projects and common shared services**

BEACON is a statewide initiative, combining data from all agencies and universities for consolidated reporting, and providing a common tool for training and recruitment business transactions for most agencies.

- **Order of magnitude of costs**

The cost of this initiative is expected to be in the PPM tool cost category of "between \$500,000 to \$3 million."

Initiative 4 - BEACON Data Integration

- **Summary description**

In April 2008, the BEACON Data Integration initiative developed a Strategic Plan in accordance with the directive set forth in SL 2007-323, HB 1473.

The Strategic Plan for Data Integration identifies the long term goals and recommends a framework on which the data integration initiative can grow and realize its objectives. The data integration initiative continues with the implementation of the strategic plan and the development of a pilot project to support criminal justice's need for information.

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• **Problem or opportunity to be addressed**

Session Law 2007-323, HB 1473 directed the Office of the State Controller, in cooperation with the State Chief Information Officer, to develop a Strategic Implementation Plan for the integration of databases and the sharing of information among state agencies and programs. Session Law 2008, HB 2436, further clarifies the data integration initiative and supports the implementation of the strategic plan and a criminal justice prototype.

• **Major objectives to be achieved and business benefits/value that will accrue to the agency/state**

Business Intelligence Competency Center (BICC) - the BEACON Strategic Plan for Data Integration recommends the development of a framework upon which business intelligence practices can be promoted statewide. This framework is based on industry best practice which recommends the establishment of a formal organization known as the Business Intelligence Competency Center (BICC). The role of the North Carolina BICC will be to support and manage the business need for analytics through the development of standards and best practices.

Criminal Justice Pilot Project - the Criminal Justice Pilot Project will be developed to support the business needs identified by the Criminal Justice Pilot Program Advisory Committee.

• **Approach for accomplishing it**

Strategic Plan Development

The OSC developed a Strategic Implementation Plan for the integration of databases and the sharing of information among State agencies and programs. The Strategic Implementation Plan was issued in April 2008.

Criminal Justice Data Integration Pilot Program

By May 2009, the OSC will develop and implement a Criminal Justice Data Integration Pilot Program in Wake County in cooperation and communication. This pilot program will integrate and provide up-to-date criminal information in a centralized location via a secure connection for use by State and local government.

Implementation of Strategic Plan

The OSC will begin implementation of the BEACON Strategic Plan for Data Integration, issued in April 2008. This plan shall be implemented under the governance of the BEACON Project Steering Committee and in conjunction with leadership in appropriate State agencies and with the support and cooperation of the Office of State Budget and Management.

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- **Timeframe**

- Strategic Plan Development completed April 2008
- Criminal Justice Data Integration Pilot Program completed by May 1, 2009
- Implementation of Strategic Plan will be continuous development

- **Major risks**

For North Carolina to recognize the value of data integration and the use of analytics, senior leadership must champion a cultural shift which promotes data sharing. Business leaders must be encouraged to be stewards of the State's data assets rather than data owners. They must act as data trustees who understand the importance of data and its impact on business issues and problems.

- **Relationship with other agency IT initiatives/programs/projects**

Each data integration project will require a commitment and agreement with agencies for the sharing of data.

- **Relationship with statewide initiatives/projects and common shared services**

BEACON Data Integration is a statewide initiative that where appropriate can take advantage of the common shared services data warehouse platform and existing statewide enterprise licenses.

- **Order of magnitude of costs**

The cost of this initiative is expected to be in the PPM tool cost category of "greater than \$3 million."

Initiative 5 – NCAS DSS Enhancements

- **Summary description**

The DSS Enhancement Project entails two major tasks: to implement a web-based decision support system and expand data housed in the system.

- **Problem or opportunity to be addressed**

While NCAS DSS OLAP cubes and reports are a critical and integral component in the development of the NC Comprehensive Annual Financial Report (CAFR), data warehouse and end user reporting capabilities have not been fully utilized. A number of OSC reporting, data inquiry and issue resolution activities continue to be performed through repetitive and manual processes, many requiring the intervention of OSC technical staff. The current data distribution process requires regular monitoring and issue resolution due to on-going ITS and agency network maintenance and security enhancements.

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• **Major objectives to be achieved and business benefits/value that will accrue to the agency/state**

- Expand and update GL report inventory based on priorities, resource availability and system capacity
- Implement Cognos Series 7 web based cube and report deployment
- Expand non-GL data content to include NCAS AP/Payment and Vendor data, and implement direct access, ad-hoc reporting for a select internal user community based on priorities, resource availability and system capacity. AP/Payment and Vendor data would be limited to NCAS agencies and would not include payment information for non-NCAS entities.

• **Approach for accomplishing it**

This plan can be achieved using OSC in-house resources and software and hardware that are already in use at OSC. OSC will collaborate with both ITS and state agencies.

• **Timeframe**

This initiative began in January 2008 and will be complete by the end 2008.

• **Major risks**

The two major risks are lack of personnel resources required to focus on this initiative and agency buy-in to the changes. Indications thus far show that the user community has embraced the implemented portions of this initiative and many are anxiously awaiting additional reporting and analysis capabilities.

• **Relationship with other agency IT initiatives/programs/projects**

NCAS data is housed in the DSS data warehouse for efficient reporting and analytics.

• **Relationship with statewide initiatives/projects and common shared services**

This system will continue to leverage ITS services.

• **Order of magnitude of costs**

The cost of this initiative is expected to be in the PPM tool cost category of “less than \$100,000.”

Initiative 6 – Electronic Commerce Initiative - Payroll Debit Cards

- **Summary description**

Provide a Payroll Debit Card program for state employees who are not enrolled in direct deposit payroll system. The State-issued Payroll Debit card will provide five free withdrawals per month from a Wachovia Bank ATM, and unlimited withdrawals use at merchants accepting Point of Sale (POS) transactions.

- **Problem or opportunity to be addressed**

Employees paid through State Payroll who were not enrolled in the direct deposit Program receive their pay via US mail, with the check being mailed to their home address. Since the checks are not mailed until the employee's payday, the employee experiences a delay in receiving his/her pay. The Payment Debit Program will allow for timely receipt of state employees' pay.

- **Major objectives to be achieved and business benefits/value that will accrue to the agency/state**

Expand utilization of electronic funds transfer for salaried employees and reduce payroll paper check payments

- **Approach for accomplishing it**

The OSC can utilize a "Payroll Debit Card" program, as provided for under the master EFT contract the State has with Wachovia Bank.

- **Timeframe**

This project will begin in 2009 and continue throughout the biennium.

- **Major risks**

The two major risks are lack of personnel resources required to focus on this initiative and agency buy-in to the changes.

- **Relationship with other agency IT initiatives/programs/projects**

This initiative will leverage existing contracts the State has with Wachovia Bank, in support for other electronic commerce initiatives.

- **Relationship with statewide initiatives/projects and common shared services**

Electronic commerce projects are statewide initiatives, exchanging personnel and vendor data with all agencies and universities.

- **Order of magnitude of costs**

The cost of this initiative is expected to be in the PPM tool cost category of "between \$100,000 and \$500,000."

Initiative 7 – NCAS Enhancements - Vendor Payments

- **Summary description**

Develop an improved vendor enrollment process in the E-Pay Program, followed by an extensive E-Pay expansion campaign to promote the E-Pay Program and the use of EFT payments to vendors.

- **Problem or opportunity to be addressed**

Currently only 35% of vendor payments are made through via electronic funds transfer (EFT) through utilization of NCAS.

- **Major objectives to be achieved and business benefits/value that will accrue to the agency/state**

Expand utilization of electronic funds transfer for vendor payments

- **Approach for accomplishing it**

Vendor enrollment process improvements in the E-Pay Program will be conducted by OSC staff, followed by an extensive E-Pay expansion campaign.

- **Timeframe**

This project will begin in 2009 and continue throughout the biennium.

- **Major risks**

The two major risks are lack of personnel resources required to focus on this initiative and agency buy-in to the changes.

- **Relationship with other agency IT initiatives/programs/projects**

Leverage existing technology and protocols currently in place with NCAS.

- **Relationship with statewide initiatives/projects and common shared services**

Electronic commerce projects are statewide initiatives, exchanging personnel and vendor data with all agencies and universities.

- **Order of magnitude of costs**

The cost of this initiative is expected to be in the PPM tool cost category of "less than \$100,000."

Initiative 8 – Business Processes Initiatives

- **Summary description**

During the next biennium, the OSC intends to better utilize technology to improve the quality of services it offers to State agencies and to the general public. The initiative offers an opportunity to improve the communication and collaboration that must occur between OSC and the agencies and entities it serves, as well as the public. It also offers an opportunity to improve the productivity level of OSC staff in providing these services.

- **Problem or opportunity to be addressed**

The OSC continuously seeks for opportunities to improve efficiency and offer improved services to agencies, entities and the general public. Productivity tools help OSC personnel accomplish their work more efficiently, as well as communications and collaboration tools are considered in these projects.

- **Major objectives to be achieved and business benefits/value that will accrue to the agency/state**

- Expand the use of electronic forms for financial information from state agencies and universities.
- Leverage document management to improve report development.
- Improve communication and collaboration between OSC and the entities it serves via telephone and web conferencing.
- Improve productivity of OSC staff involved in meetings, training and/or course development using electronic whiteboards, video recording and webinar tools, etc.
- Increase utilization of laptop computers and portable devices with wireless access to network servers on-site or off-site to improve flexibility and accessibility.
- Develop electronic signature capability for OSC.
- Optimize utilization of software licenses to improve staff productivity.
- Expand the use of remote access network communications tools (e.g., remote control software) for the BEST shared services.
- Continue to acquire familiarity and understanding of PCI data security concepts and methodologies in order to provide proper guidance state agencies in complying with PCI Data Security standards.
- Improve network performance and optimize communications performance.
- Use standard platforms for tools that can be utilized for similar or related OSC business processes, e.g., a standard call tracking system, a standard defect tracking/monitoring system.

- **Approach for accomplishing it**

This plan can be achieved using OSC in-house resources and software and hardware that are already in use at OSC, so no additional software or hardware

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is necessary for implementation. OSC will continue to collaborate with both ITS and state agencies to overcome security challenges.

- **Timeframe**

These projects will begin in 2009 and will continue into 2011.

- **Major risks**

The two major risks are lack of personnel resources required to focus on this initiative and agency buy-in to the changes.

- **Relationship with other agency IT initiatives/programs/projects**

These initiatives are intended to add efficiency, flexibility and cost savings to current OSC IT initiatives, programs and projects.

- **Relationship with statewide initiatives/projects and common shared services**

Leverage ITS services where appropriate for greater savings and better operational performance.

- **Order of magnitude of costs**

The cost of each project in this initiative is expected to be in the PPM tool cost category of “less than \$100,000.”